

Reality soup

The first-quarter retail reporting numbers are out—and, with a few exceptions, most American retail chains' sales continue to decline. The few up-turns are clearly about customers trading down, rather than customers spending more. These are hard times. A reporter who called last week started the conversation with, "When we bounce back..."—I had to stop her and remind her that we are never "bouncing back."

More than a third of Americans are going through the wrenching process of downward mobility. While all downward mobility is tough, it's toughest on aging baby boomers, because that shift in class is most likely permanent. Younger Americans have the luxury of time to recover—for boomers, time has run out.

We'll spend money to eat and drink, but more of it will happen at home. We'll care for our homes, lawns and autos. We'll pay our mobile phone bills, preserve high-speed Internet access and hold on to our cable or satellite television connections. Everything else is being thrown up in the air. The further we get from the basics of food, shelter and communication, the greater the retail challenge.

Without question, the shopping institution most in need of reinvention is the enclosed American shopping mall, with its narrow assortment of tenants. While the premier malls, like Short Hills in New Jersey and South Coast Plaza in Orange County, will continue to prosper, their less-well-located brethren are an endangered species.

The following stories have been altered to protect the innocent.

Walter sold his eight Taco Bells in Central California. He bought a house in Ireland, a fancy yacht and talked about an apartment in New York. At age 59, he thought he was retired. One recession later, more than half of his money is gone. He and his wife have both gone back to work full time, teaching at their local university. While he was never a lavish man, he had a short 18 months in the land of the wealthy before dropping back into the upper-middle class. Walter and his wife are never going back to the mall. They'll take care of their houses, sail and maintain their boat, but they fly coach and shop out of catalogs.

Trudy lives in Denver. Her boyfriend and his 17-year-old son live with her. She is a store planner working for a financial services company. Over the past year, her job has been about closing retail locations—not opening them. She doesn't know how much longer her job will last. Her boyfriend is a construction manager and has been out of work for six months. She likes shoes and



prefers wearing dresses to pants. She, too, has left the local mall. She does her shopping on business trips, often in New York, where she visits sample sales and discounters. She and her friends share shopping tips and use the Internet religiously to track down bargains.

Carla lives in Portland, Ore. She has just been laid off by the department store where she has worked in one capacity or another for almost 40 years. Her car has more than a quarter-million miles on it. Her husband is retired from the shipping industry and picks up occasional work in construction—his income is a fraction of what it used to be. They were hit hard in the dot-com bust, but rode it out because both of them were working. While the future isn't bleak, their circumstances are significantly reduced. Just paying the taxes on their properties is going to be a stretch. Are they going back to the mall? Carla will only go if they pay her.

For more than three decades, consumer spending has driven the economic engine of the United States. As jobs are lost and retirement accounts hit hard, our shopping habits are in transition. We have a significant number of Americans that have left the mall, never to return—unless we give them a compelling reason. **DDi**

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